

California's Future: Opportunities and Challenges

A CALIFORNIA POSTSECONDARY EDUCATION COMMISSION FACTSHEET



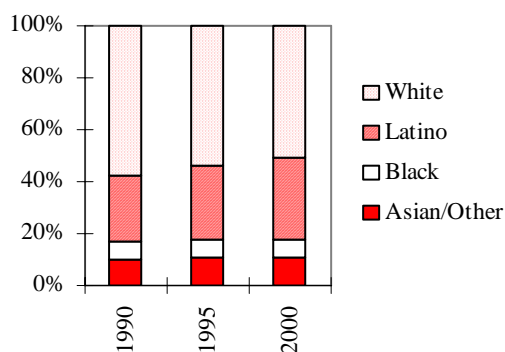
As California approaches a new millennium, a course must be charted to build on its strengths and minimize its shortcomings in order to ensure a vibrant and resilient society. Recent trends in population growth and change, economic growth and the distribution of wealth, and the availability of educational opportunities will affect California's direction and thrust into the future. This factsheet presents some recent projections about California for the twenty-first century.

Continuing Population Expansion

California's population continues to grow, albeit at a somewhat slower rate than previously projected. As of 1995, the state was home to 32.4 million people, nearly a seven percent increase over 1990. By the year 2000, the population is expected to top 34.7 million.

In addition, the racial-ethnic diversity of California's population continues to expand (see Display 1). Both the numbers and representation of the state's Asian and Latino populations grew over the last decade and are expected to continue to do so in the future.

DISPLAY 1 California Population Composition 1990, 1995, and 2000



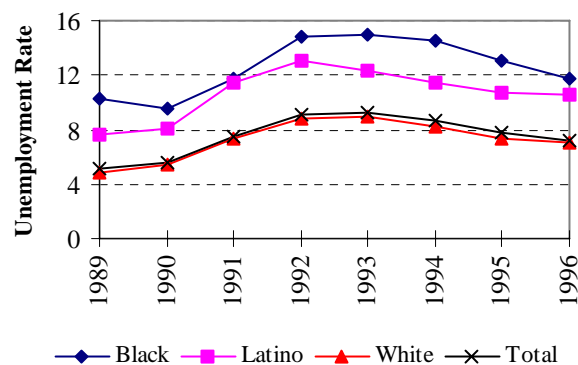
Information on recent legal immigration highlights another aspect of California's increasing heterogeneity (cultural diversity). While Mexico and Asia continue to be the sources of the largest number of new Californians, the diversity of the Latino population has grown as a result of increased migration from other Central and South American nations.

Similarly, this aspect of the state's cultural diversity has been augmented by unprecedented increases in new residents from eastern Europe, Russia and the other countries that have emerged from the former Soviet bloc of nations. These new residents broaden the spectrum of social and cultural mores that comprise California's landscape and contributes to the public policy opportunities and challenges.

Changing Economic Conditions

California's economy appears to be resurging vigorously from a recession in the early 1990s, with almost all economic indicators showing strong improvement. The unemployment rate fell recently to below seven percent -- a healthy decline from the 9.5 percent rate at the depth of the recession but still substantially higher than the pre-recession level of five percent (see Display 2). Recent economic projections indicate continued recovery, with the unemployment rate continuing to decline as a result of expanding employment opportunities.

DISPLAY 2 Changing Unemployment Rates, 1989 to 1996



Changes in personal income growth and expanding income differential. As unemployment deepened, Californians' personal income growth slowed dramatically. The annual rate of growth dipped from a high of 7.5 percent in 1989 to 2.1 percent in 1993. Since then, the annual rate of growth in personal income has gradually increased. According to recent economic forecasts, personal income is likely to continue to show improvement

gradually, but is unlikely to rebound completely to its pre-recession rates of growth.

Changes in personal income occurred differentially across income groups which contributed to the widening gap between low- and high-income households in the state. Real income in California grew for households that were within the upper 20th percentile of all households in terms of income through 1987. By 1990, however, even the income of these households began to decline in real terms.

On the other hand, for households with real adjusted incomes in the bottom 20th percentile, the income began to decline as early as 1977. By 1981, the real income for these households was below their 1967 level. The most dramatic fall in income occurred during the recent recession when the real income for these households dropped more than 20 percent below the 1967 level. While incomes improved slightly in 1994 for most households, the incomes for the poorest households -- those in the bottom 10th percentile -- continued to decline.

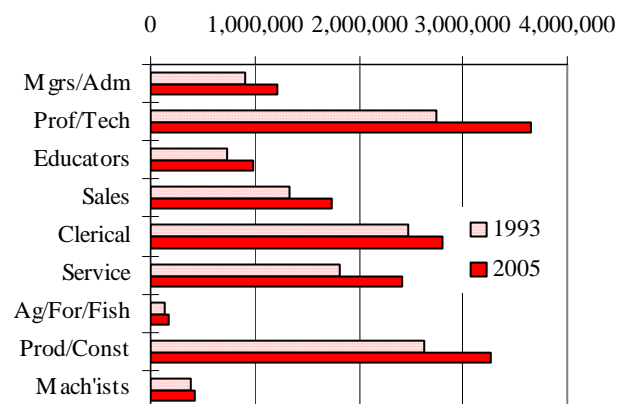
Changing employment opportunities. New industries and occupational opportunities are flourishing in the state. By 2005, the number of jobs in California is expected to increase by 26.8 percent. The professional and technical group -- the largest occupational group in 1993 -- is also expected to experience the greatest increase in jobs in California over the next 12 years, with over 904,500 new positions and an additional 759,600 job openings due to net separations. These more lucrative jobs will be filled by employees with advanced levels of training and education.

The slowest growing occupational fields are the "clerical and administrative group," because increasing office automation will constrain new job opportunities, and the "production and construction group," because of both the installation of advanced manufacturing technologies and closures of federal military bases. Fewer employment opportunities will increase competition in these fields (see Display 3). In such an environment, prospective employees with better training and education are more likely to succeed in finding positions.

Expected Demand for Postsecondary Education

Factors contributing to increasing demand for postsecondary education over the next 10 years include:

DISPLAY 3 *Projected Occupational Employment Growth, 1993 to 2005*



- ♦ Projected changes in the occupational opportunities in the future indicate that advanced levels of training and education will be required if employees are to be successful in the jobs of tomorrow.
- ♦ The major source population for higher education -- recent high school graduates -- is expected to grow by 24 percent. In addition to this sheer increase in size, the student population will be more racially and ethnically diverse.
- ♦ An increasing proportion of Californians view higher education as one of the major avenues to achieving personal goals of greater wealth and occupational stability.

Most higher education enrollment projections estimate that California institutions should be prepared to serve approximately 455,000 more students in the year 2005 than they did in 1995.

Most policy analysts agree that California's current resource base and infrastructure make this enrollment expansion an unmanageable challenge without major changes in the way education services are delivered. However, if California is to attain its brightest future, it must devise new ways and means of assuring opportunities for all Californians to prosper educationally, economically, and socially.

Information for this factsheet was drawn from documents prepared by the California Department of Finance Demographic Research Unit, the California Employment Development Department Labor Market Information Division, and the Public Policy Institute of California.